

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 517 - SB 573

March 9, 2015

SUMMARY OF BILL: Extends the prohibition on new nursing home beds, except for 125 Medicare skilled nursing facility beds, to June 30, 2016.

ESTIMATED FISCAL IMPACT:

Forgone State Revenue - \$374,300/FY15-16/Nursing Home Assessment Trust Fund

State Expenditures – Cost Avoidance – \$1,696,000/FY15-16

Federal Expenditures – Cost Avoidance – \$3,154,500/FY15-16

Assumptions:

- Current law limits the number of new nursing home beds for which certificates of need may be issued by the Health Services Development Agency during FY15-16. This will extend the current limitation for an additional fiscal year.
- Based on information previously provided by the Bureau of TennCare, there is a potential bed growth of 100 beds for Medicaid eligible individuals if the provisions of the bill are not enacted.
- The nursing home assessment, enacted pursuant to Public Chapter 859 of 2014, is based on facilities paying on non-Medicare bed days. Medicare pays approximately 19 percent of the state's nursing home days; therefore, forgone revenue is based on potential growth of 81 beds [100 beds – (100 beds x 0.19)] that the state would collect assessment revenue from in the absence of the proposed bill.
- The state will forgo any increased revenue from the nursing home assessment of \$12.66 per bed per day resulting in a total of \$374,293 (\$12.66 x 81 beds x 365 days) in forgone state revenue for FY15-16.
- The TennCare Level 1 nursing facility daily reimbursement rate is \$164.06. TennCare will avoid an increase in expenditures estimated to be \$4,850,434 (81 beds x \$164.06 x 365 days) for FY15-16.
- Of the \$4,850,434 in avoided costs, \$1,695,954 would be state funds at a rate of 34.965 percent and \$3,154,480 would be federal funds at a match rate of 65.035 percent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

/kml